

## Wanted: Grape Growers With No Yen to Toil in Vineyards

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“We’re not interested in making money,” says W. Andrew Beckstoffer, president of Vinifera Development Corp., “Just grapes.”

Beckstoffer’s remark may not be as unprofitable as it sounds. As a subsidiary of Heublein Inc., Vinifera Development’s goal is securing a steady supply of top-quality, varietal grapes for the parent firm’s wine-making unit, United Vintners Inc.

The boom in the wine business has meant that quality wine production in California has been less than could be marketed. It is limited by the availability of good grape varieties.

In a study by its economics department, Bank of America predicts that “the strongest growth in wine markets ever recorded will occur during the next 10 years.” Annual U.S. consumption will hit 400 million gallons by 1980, a 60% increase over the 250 million gallons consumed in 1970, the bank said.

The expected upsurge in wine drinking by U.S. citizens, especially the younger set, has not gone unnoticed by the industry and those who watch for growth situations. The value of wine-producing land (chiefly in Napa, Sonoma and Mendocino counties) has risen sharply in the last two years, and private individuals and big corporations have rushed in to secure a place in the industry.

Heublein, a multi-million outfit based in Hartford, Conn. Got into the act by acquiring United Vintners—a co-op of growers – 1969. Heublein has run into some problems, however, particularly in the area of supply.

United Vintners produces such brands as Inglenook, Italian, Swiss Colony, Petri, Lejon and Beaulieu, and the 82% - owned unit of Heublein feels it will have some difficulty in the next decade acquiring a sufficient amount of high-quality grapes. That’s where Vinifera and Beckstoffer come into the picture.

Vinifera is trying to bring small, individual investors into the wine business by offering agricultural know-how and management techniques to small grape growers. All Vinifera wants is a long-term contract to buy their grapes.

“The wine business costs a lot of money to get into,” Beckstoffer said in an interview, “but besides that, it requires a great deal of knowledge and financial support. If the investor puts up the money, we can provide the rest.

As an example, Beckstoffer outlines a possible plan concerning a 30-acre parcel in the Napa Valley, probably California’s best wine grape-growing region.

“The land might cost \$100,000,” says Beckstoffer, “but it might not be worth the price. An inexperienced person might look at the property in the spring, when it looked nice. We could come in for him, though, and find out that it floods in the fall.”

Besides selecting the land, Vinifera will prepare a projection of the land's possible output per acre and help the investor select the right variety of grapes.

In return, Vinifera asks the investor to sign two contracts: a long-term pact which promises the land's output to United Vintners; and an agreement that Vinifera will farm the land at cost.

"If a man wants to farm his own land, we can work that out too," says Beckstoffer.

Because of the contract with Vinifera, Beckstoffer says institutional lenders are easily persuaded to lend large amounts of cash to the investor for development and farming purposes, and sometimes part of the initial cost of the land.

From there, the San Francisco-based subsidiary of Heublein draws up annual budgets, cash outlay schedules and other financial planning materials. If Vinifera has been contracted to work the land, the company will obtain the right vines and other materials at cost, in addition to procuring labor.

"Premium wineries have always owned their own land," says Beckstoffer, "enabling them to maintain quality. Through Vinifera and outside investors, Heublein feels it can do the same thing without much capital."

For the investor, Beckstoffer says the arrangement with Vinifera has an added kicker; land in Napa Valley is only about 60 miles from San Francisco, and therefore offers the investor a substantial amount of security, even if the crops fail, he says.

To date, Vinifera has set up such agreements with investors owning about 2,000 acres in the Napa Valley, but Beckstoffer says it has just begun.

"We think we can offer doctors, lawyers and other businessmen as easy way to get involved in the romance of the wine industry," says Vinifera's president.